

7. Reduce the number of school districts. (LCS — Maison)

Overview

- This is a Carruthers report recommendation. Task force members have also asked staff to look at providing for administrative consolidation as an alternative.
- Of the 89 school districts, 35 have student populations under 500 (SY 2009-2010 40D); another 13 have a student population under 1,000. There are seven districts that have fewer than 100 students. See the attached map for districts and membership (MEM). Twenty-four districts receive emergency supplemental funding because they are too small to generate the necessary program units to pay the costs of operating. Every school district has at least one elementary and one high school; all but nine have configured their grades to include a middle school as well.
- State law (Section 22-8-8 NMSA 1978) does not allow a school district to have a school with an average daily membership of fewer than eight students without express secretary approval. Mosquero is currently the smallest district, with 43 students.
- There are necessarily small districts. Some districts were created because geographical features, such as mountains, or long distances made transportation difficult on students. Some of those reasons still exist today; some do not. Politics created some districts, which may have been fine when local districts were responsible for funding their schools, but now that state taxpayers pay the tab, that may not be a good enough reason to have the number of school districts in the locations they serve.
- Merging school districts should make it possible to reduce the overhead associated with operating K-12 education and put more money into classrooms. For example, the number of elected boards, superintendents and central offices would be reduced. Also, consolidation of districts might encourage communities to seek efficiencies in the number and location of schools.
- Although legislators have expressed no desire to close schools as a result of redistricting, that may not be a tenable position. If two or three small districts are consolidated but still only have 1,000 students, can a future legislature justify funding two or three separate high schools in the new district? Also, redistricting may not result in significant cost savings if schools are not closed. On a related note, while the legislature has the power to create or alter school districts at will¹ and without the request or assent, or even against the protest, of the affected communities, it has so far in history seen fit to leave that function to the executive branch.

¹ There are some limitations on that power, e.g., the legislature could not redistrict in such a way as to violate students' civil rights.

- Transportation will likely remain an issue in some areas of the state. Low-enrollment districts tend to be in sparsely settled areas that require more transportation.

- All redistricting ideas require the dissolution of current local boards, the appointment of interim boards and the election of new boards.

Cost Savings

- Difficult to calculate because savings depend on specific configurations of districts or consolidated services. Emergency supplemental funding for FY 2010-2011 for small school districts is \$9.3 million, although all of that amount would not necessarily be available for redistributing through the funding formula or the general fund.

Time Frame

- Long term. If districting is to be done by the legislature, it will have to determine school district boundaries. The legislature could order PED to undertake consolidation of districts, and it might choose to develop the criteria upon which PED would consider consolidations. In either instance, legislation would need to be approved and a study undertaken.

- This study is not likely to be possible within normal resources of the legislature, PED or school districts. Whether conducted by the legislature or PED, a study probably will require a contract with demography and school finance experts.

Basic Issues to be Resolved for Redistricting

- Bonded indebtedness and mill levies of existing and proposed districts — for each district configuration under consideration.

- Debt capacity of existing and proposed districts — for each district configuration under consideration.

- Population demographics of existing and proposed school districts, including:
 - estimated number and configuration (elementary, middle and high schools) of students currently attending and projected to attend;
 - ethnicities of general and student populations;
 - economic levels of populations in existing and proposed districts,

including such things as family income and homeownership rates and patterns as indicators of student status and potential student mobility rates;

- adult educational attainment levels in existing and proposed districts (again, an indicator of student status); and
- existing and proposed school district growth patterns, which determine how many of what kinds of schools will be needed in the future.

- The number and condition of elementary, middle and high school buildings in the existing and proposed school districts.
- The ability of the proposed school districts to raise operational and capital funds.
- The effects of redistricting on transportation costs of the existing and proposed school districts.
- The cost of abandoned assets.

Note of caution: Redistricting may result in lawsuits in addition to the required action for a court order on involuntary consolidations in Section 22-4-3 NMSA 1978. Potential plaintiffs might include parents, property owners, staff and minors.

Option 1 — Redistrict School Districts

There are a couple of proposals about what redistricting might look like. The process would be similar to legislative and other redistricting, except that school districting is more complicated because of debt, asset allocation and demographic considerations.

● ***Advantages of Redistricting***

- Redistricting to a much lower number makes sense in this day and age. Looking at the school district map, one is hard-pressed to understand some of the district configurations, their student populations or their tax bases — or lack thereof.
- At some point, a school district can be too small to provide a well-rounded and full school experience to its students.
- Right-sizing school districts will provide more resources for enhanced educational programming and/or relieve the taxpayers from funding redundant systems.

● ***Disadvantages of Redistricting***

- The process is expensive, time-consuming and politically difficult, though it might still be worth the effort.
- The literature does not support the notion that larger school districts will improve student outcomes or be less expensive.
- The costs of transportation and abandoned assets are two issues that would need consideration.
- Smaller communities may lose their representation as they are absorbed into larger districts. While the property owners in the smaller communities will still

have to retire any outstanding debt, the voters of the larger district could refuse to approve necessary bonds to accommodate the needs of the smaller communities. Conversely, the larger district would absorb the assessed valuation of the smaller districts and might approve bond issues without the support of the smaller communities.

Redistricting Options:

- **Make school districts co-extensive with county boundaries, making 33 school districts.**

- ***Advantages***

- ▶ This idea is relatively simple in that it reduces the number of districts by using known boundaries, which probably means much less in study costs. There will be some displacement for school districts that now cross county boundaries, but most changes will come from combining districts within counties.

- ***Disadvantages***

- ▶ This proposal does not take into account where student populations live and the distribution of tax bases throughout the state. Also, it may cost some districts more to deliver programming, particularly in large counties with sparse student populations. Some students may end up living closer to another district; some of that disadvantage could be overcome by encouraging inter-district transfers, which might raise taxation issues, or through annexation as provided for in Section 22-4-17 NMSA 1978.

- **Redistrict based on student location and tax base.** This proposal assumes that current boundaries are not efficient because there are too many districts with too few students and the boundaries, decided in the late 1950s and early 1960s, are not efficiently drawn for the state as it is now in the twenty-first century and does not take into account how local tax bases have shifted.

- ***Advantages***

- ▶ The entire system will be looked at demographically and lines drawn to account for population densities and shifts. The study should determine boundaries based on both student location and optimum size for realizing economies of scale.

- ▶ Districts might be more compact, although that does not necessarily mean smaller.

- ***Disadvantages***

- ▶ The study will cost more, likely much more, because there are more options regarding boundary lines to research. The study may take longer than redistricting based on county lines, but that is difficult to gauge.

- **Force District Consolidations.** Force small school districts to consolidate by (1) increasing the minimum size of schools and adding a minimum school district size in the law; or (2) reducing the small district size adjustment in the funding formula (item #3 in the task force's

handouts at the last meeting). As noted in item #3, the small district size adjustment factor was about \$17.3 million in FY 2010.

- **Strongly Encourage District Consolidation.** Consider removing statutory barriers to consolidation, such as required court orders on involuntary consolidation; however, statutory changes should continue to ensure that the rights of the majority and minority of voters are protected.

Option 2 — Encourage or Require Administrative Consolidation

There may be several ways to accomplish this. One way is to encourage or require that certain administrative functions of small districts, such as accounting, purchasing and the "paperwork" functions of personnel and other administrative offices, be performed by larger districts.

- ***Advantages***

- ▶ Combining redundant positions in several districts should improve efficiency and save money — or at least redirect money to instructional needs.

- ***Disadvantages***

- ▶ In many small districts, administrators currently double- and triple-up as superintendent and various other positions. If positions were transferred to another district, some level of on-site administration would still be required.

Option 3 — Beef Up Regional Education Cooperatives' (REC) Ability to Provide Administrative Services

The law currently states that RECs provide: (1) education-related services to members of the cooperative; (2) technical assistance and staff development opportunities to members of the cooperative; (3) cooperative purchasing capabilities and fiscal management opportunities to members of the cooperative; and (4) such additional services to members of the cooperative as may be determined by the regional education coordinating council.

- ***Advantages***

- ▶ The ability to consolidate at least some administrative functions, namely purchasing and fiscal management, already exists.

- ▶ The system **can** be made to work as intended when RECs were created in statute. RECs, which are, essentially, instrumentalities of school districts, had the legislature declare them to be state agencies. As state agencies, the governor should have more control over directing them to provide the services necessary to improve school district administration in small districts.

- ▶ The legislature does not have to bear the brunt of a politically impossible task.

- ***Disadvantages***

- ▶ The legislature may have to provide much more funding for the administrative "infrastructure" in the RECs.